

**GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:3156

ANSWERED ON:21.03.2017

Investment in Food Processing Sector

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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) whether the country's food processing sector has potential to attract huge investment and generate more employment by the year 2024 and if so, the details thereof;
- (b) whether the food processing is a key contributor to employment generation in India and if so, the details thereof;
- (c) whether India is one of the top rankers in the production of bananas, guavas, ginger, papaya and if so, the details thereof;
- (d) whether despite the massive production, the degree of processing is low and ranges between 2%-35% for different produce and if so, the details thereof; and
- (e) the steps taken by the Government to increase investment in food processing infrastructure?

Answer

(a) There is a scope for growth of food processing industries as the level of food processing in the country was only 6.76% in 2010-11, as per a 2014 study, commissioned by Ministry of Agriculture & Farmers Welfare, and undertaken by Institute of Economic Growth. Government is promoting both domestic and foreign investment in food processing sector and employment levels therein.

(b) As per the Annual Survey of Industries 2014-15 conducted by Central Statistical Office, Ministry of Statistics and Programme Implementation, Food Processing is one of the major employment intensive industries constituting 12.77% per cent of employment generated in all factories registered under Factories Act 1948. The total number of persons engaged in such food processing industries was 17.73 lakhs in 2014-15. As per the NSSO 67th Round, 2010-11, total number of persons engaged in unincorporated enterprises of food processing industries was 47.9 lakh.

(c) Yes Madam. As per Food and Agriculture Organization of the United Nations, India ranks number 1 in the world, in 2014, in the production of Banana, Guava (including mangoes and mangosteens), Ginger and Papaya with the following share:

Item Share (%)

Banana 26.04%

Guava (including mangoes and mangosteens) 40.75%

Ginger 30.37%

Papaya 44.51%

(d) India has huge diversified production base but low level of processing. The level of processing in perishable products in India is estimated only at 2.1% in fruits and vegetables, 6% in poultry, 21% in meat, 23% in marine and 35% in milk and milk products.

(e) To increase investment in food processing infrastructure the Ministry of food processing industries is implementing a number of central sector schemes namely (1) Scheme for Mega Food Parks (2) Scheme for Modern Abattoirs (3) Scheme for Integrated Cold Chain and Value Addition Infrastructure (4) Scheme for Creation/Expansion of Food Processing and Preservation (5) Scheme for Quality Assurance (6) Scheme for Human Resource and Institutions. Further, the Government has provided various fiscal incentives in terms of reduction and exemption of taxes. A fund of Rs. 2000 crore has also been constituted with NABARD to provide loans at concessional rate to Mega Food Parks and units established therein. Loans to food & agro-based processing units and Cold Chain have been classified under Agriculture activities for Priority Sector lending (PSL) as per the revised RBI Guidelines issued on 23/04/2015. 100% FDI is permitted under the automatic route in food processing industries and through approval route for trading, including through e-commerce in respect of food products manufactured and/or produced in India.